

Government to detail new pay aims after union talks

The Government will announce its proposals to deal with inflation and incomes after senior ministers have met the TUC's economic committee at Downing Street on Tuesday. The proposals, in the form of a White Paper, will be published within a

week of the crucial TUC-Government talks, and MPs will debate them. The TUC will also publish a new policy document setting out its approach to the future of wage restraint after the Downing Street meeting.

Early debate promised

By Hugh Noyes
Parliamentary Correspondent
Westminster

A White Paper outlining the Government's proposals for dealing with inflation and incomes in the coming year, after recent trade union setbacks for the social contract and the next phase of the wages policy, will be published towards the end of next week or early in the week after.

Announcing that, in the Commons yesterday Mr Healey, the Chancellor, told MPs, that he would make a statement in the Commons after his meeting with the TUC's economic committee on Tuesday.

The statement is expected to include the Government's decision on whether to implement the income tax reductions promised if a satisfactory agreement on pay was reached with the unions. Mr Healey said yesterday that the reductions would depend on assurances of a continuing fall in the rate of inflation.

The Chancellor told the House that the White Paper would be debated during the three days, starting next Thursday, that had been set aside for the report stage of the Finance Bill. But Mr Foot, Leader of the House, said later that the White Paper had not yet been written. Indeed, the final draft is not likely to be available to ministers until after the meeting with the TUC on Tuesday.

After representations from Mrs Thatcher and other opposition MPs that a White Paper of such wide significance could

not be fully discussed during the report stage, Mr Foot agreed to look at the matter again. The Tory leader urged that four days should be given for the debate on the White Paper which is expected to range over all the Government's policies, including the effects of wage settlements in the light of recent trade union decisions, the conditional Budget proposals for reducing income tax and the various financial changes forced on the Government by opposition and rebel Labour MPs during the committee stage of the Finance Bill.

With the votes of the Trans port and General Workers' Union and of the miners, still drumming in his ears, Mr Callaghan was forced to admit in the Commons that the social contract could no longer be considered intact or sound. But he placed his trust firmly in the wisdom and sense of responsibility of most union leaders, if not of their rank and file.

He was certain, he said, that the TUC would want to maintain the 12-month interval between wage increases if at all possible. He expected the 12-month gap to be kept whatever conferences had decided.

Mr Callaghan accepted, however, that those decisions meant that the agreement between the unions and the Labour Party would be entering a new phase. The country should not assume, he added, that because those decisions were taken there was no prospect of co-operation or collaboration be-

tween the Government and the unions.

The Prime Minister said union leaders were as deeply concerned as anyone that there should be no return to the 1973-74 situation, when wage claims of 30 per cent dragged prices up by the same amount.

He added that "wages explosion would destroy hopes of reducing inflation. Unless the Government brought inflation down there could be no domestic expansion, and that would mean more unemployment". He was not surprised by the tensions resulting from the social contract, but it was important to have moderate wage settlements during the next 12 months.

As the exchanges continued, with MPs questioning senior ministers on how they intended to deal with the new situation, Mr Healey and his Treasury colleagues made clear that they had no intention of relaxing their economic policies in the face of union intransigence. Mr Barnett, Chief Secretary to the Treasury, said it was still the Government's view that single-figure inflation could be reduced by the middle of next year.

While bemoaning his worried backbenchers that the Government was still "totally opposed" to statutory controls on wages and penal sanctions against working people, Mr Healey affirmed that there would be no departure from the targets already set for public expenditure, monetary aggregates and domestic credit expansion.

Political repercussions, page 2

Parliamentary report, page 12



Royal review: The Queen and the Duke of Edinburgh inspect the Blues and Royals at Sennel Lager, West Germany, yesterday when the British Army of the Rhine put on its biggest parade to celebrate the Queen's jubilee.

The 4 Armoured Division staged a brilliantly organized and faultless mixture of ceremony and armament, static and mobile (writes Dan van der Vat).

President Scheel, of West Germany, and his wife joined the Queen and the Duke of Edinburgh at Sennel Lager training camp for the army

review, in which 3,000 troops and 573 vehicles took part.

Replying to a royal address, General Sir Robert Gibbs, Chief of the General Staff, the Queen said the choice of venue "emphasized our commitment to the mainland of Europe".

The presence of representatives of the other Nato armies similarly underlined Britain's commitment to the Atlantic alliance, she said.

The mass bands of the division, some 300 musicians, and the colours of 27 units opened the proceedings with an impeccable exhibition against a

background of silent ranks of camouflaged vehicles and troops in combat overalls.

Then, nearly 600 motorized skirmishers, led by thick bunches of smoke and the Chinook tanks passed the Royal dais four by four, lowering their gun to one side in salute.

Troop carriers, bridging tanks, armoured ambulances, self-propelled guns and weird special-purpose vehicles rumbled, rattled, roared and squeaked past, until the final charge of a regiment of Lancers in light tanks, racing at full speed with Army Air

Corps helicopters escorting at reward for months of relentless and meticulous planning.

The 25,000 spectators, largely Royal Army soldiers and their families, provided a joltingly solid backdrop. Soldiers among the spectators showed that there is no such thing as a British Army uniform. Outfits of almost every colour mingled with women onlookers, who were wearing Ascot-style hats and dresses. Officers in ceremonial attire led small children by the hand past soldiers' wives pushing babies in prams.

Not a soldier flinched, not a spark plug failed. This was the

Photograph by Brian Harris

Shell cuts 3p off prices at most pumps

By Roger Vickers
Energy Correspondent

Shell yesterday cut 3p a gallon off most of its petrol prices from midnight. In an announcement that took in competition by surprise, Shell said the wholesale price of two- and four-star petrol would be cut by 2.68p a gallon (3p at the pump), after allowing for proportionate cut in value-added tax and 1.82p off five-star (2p after VAT).

After the statement senior executives from the other large independent groups, particularly in the North of England, have been quoted as saying 7.65p a gallon is now star. Mr Brian Bowden, Shell UK's marketing director, said the reduction in wholesale price should reduce the range of Shell prices to between 3.89p and 5.89p a gallon.

Earlier this week the Guatemalan claimed that a British company, with anti-aircraft guns had arrived off the coast of Belize and that a contingent of British troops had moved to the Belize frontier with Guatemala.

The concerted campaign to increase tension started about a fortnight ago with a shrill anti-British propaganda campaign.

Statements castigating the British for their attitude to Belize

Continued on page 5, col 3

security of Belize.

Belize was a British dependency with internal self-government whose defence against external attack was the responsibility of the British Government.

The British Government had the full support of the Government of Belize in strengthening the British garrison.

David Cross writes from Washington: Several hundred British troops flew into Belize today as

part of a military exercise.

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HOME NEWS

Budget offer of 2 per cent tax cut may be withdrawn if talks with TUC go badlyBy George Clark
Political Correspondent

The Government's offer to reduce the standard rate of income tax from 35 to 33 per cent at a cost to the Exchequer of £950m in a full year, in return for an agreement with the unions on wage restraint over the coming year, may be withdrawn if the talks with the TUC's economic committee on Tuesday go badly.

There was still a hope yesterday, however, in spite of the decisions by the miners and the Transport and General Workers' Union in favour of free collective bargaining, that Mr Healey, the Chancellor, would be able to offer the unions a deal that would at least prevent phase three of the income policy from developing into a fire-for-all and feeding the fires of inflation.

Mrs Thatcher and the Shadow Cabinet are pessimistic, but they are just as concerned as Mr Callaghan and Mr Healey about the importance of getting a deal that would lead to an orderly return to collective bargaining. Mrs Thatcher, in recent visits to factories in the North-east, found that although union members were keen to return to collective bargaining they acknowledged that they would have to curb their demands to keep businesses solvent and to allow for profits that could be used for expansion.

She has also noted that at the union conferences held so far this year those in favour of continuing some form of wage restraint are a few thousand ahead of their opponents. But the National Union of Railways at its conference in Ay next week is not likely to help the Government.

Mr Steel, the Liberal leader,

has not endorsed the view put forward by Mr John Pardoe, his party's economic spokesman, that the Government, in the face of union intransigence, should bring in statutory wage controls to ensure that prices are observed, or "get out". And there is no sign that the Liberals are prepared to end the pact with Labour if the Government does not accept that advice.

The talks with the TUC's economic committee at Downing Street on Tuesday will cover maintenance of the 12-month rule, the future pattern of wage settlements, and the need to link increases to improvements in productivity. From the Government, there will be offers covering direct taxation and personal allowances, school meals, price controls, subsidies to nationalised industries, and measures to promote employment.

In his Budget speech, Mr Healey emphasised that his tentative offer of a cut of 2p in the pound from the standard rate of income tax must depend on a new wage agreement. He said that although all taxpayers would benefit, it would be of special advantage to people earning up to nearly twice the national average income, with the biggest proportion benefit going to the highly skilled workers.

The TUC representatives may have to take wider soundings among the unions before they can give the Government an answer, so that no conclusion may be reached until Wednesday. The results may be presented to the Cabinet for approval on Thursday and the terms of the White Paper settled then.

Waiting for the bang, page 19

Public-sector restraint will be crucialBy David Blake
Economics Correspondent

In spite of the setbacks to his hopes for an agreement with the unions, the Chancellor seems still keen to offer selective action to hold down prices for items such as school meals where the Government sets charges. But he remains committed to the view that there is no scope for making the conditional 2p cut in the standard rate of income tax, while accepting the increases in personal allowances which were added to his Budget proposals by Mr Jeffrey Rooker and Mrs Audrey Wise of the Finance Bill.

Although arguing that the formal agreement of the TUC General Council to the 12-month rule still stands, officials and

ministers preparing to cope with the situation that may arise if all the brakes come off wages.

They are determined to ensure that public-sector workers do not get rises so large as to provoke a pay explosion.

The likeliest strategy would be to operate some form of incomes policy for public-sector employees only.

The Chancellor is not likely to make any final decisions on the details of the Budget until after he sees the TUC economic committee on Wednesday. But the Treasury forecast, prepared at the time of the Budget, shows that he cannot make the 2p cut in the standard tax rate and increase personal allowances without breaking the terms of his

agreement with the International Monetary Fund.

A new Treasury forecast, which is being finalised, is not expected to give much extra room for manoeuvre. Indeed it might suggest that the Chancellor could not afford to make the whole 2p cut in standard rate even if he felt justified in doing so after his meeting with the union leaders.

Ministers are likely to emphasize that the limits they have imposed on public spending will lead to widespread redundancies if there were successive claims by public employees. There is, however, increasing doubt in Whitehall about whether the ministerial determination to hold to the cash limits could survive in a climate of big pay rises.

Minister urged to hold price rises to 10% limit

By Michael Hattersley

A consumer delegation urged Mr Hattersley, Secretary of State for Prices and Consumer Protection, yesterday to set a limit on price increases of 10 per cent for the next year.

The delegation, led by the National Consumer Council and including representatives of pensioners, single-parent families and ordinary housewives, also called for a freeze on nationalised industry prices and the retention of food subsidies.

Mr Hattersley was also urged to freeze school meal charges, to go up from 15p a day to 25p in September, and to hold down council house rents.

He was told that part of any excess profits made by the gas and electricity industries should be used to create a "save energy fund", to help to provide money to insulate the homes of poorer wage

increases above 10 per cent.

Mr Hattersley agreed that he at length agreed to a 10 per cent figure, and the appeal was still lost by 145 votes to 126.

The NUM executive decided to allow the union's 53 full-time officials a 3.5 lire car

every two years.

It might not be in favour, as some of you might think", he said.

The offer would give all working miners eight tons of free coal a year, and retired miners five tons.

Earlier in the week the miners decided to reject an extension of the social contract, to seek £135 a week for faceworkers, to throw out a productivity bonus scheme and to demand a four-day working week from November 1.

Yesterday the Nottinghamshire miners lost by 153 votes to 118, an appeal against the union executive's decision to ballot members on the free coal offer. Scotland and South Wales, which would benefit from the offer voted against the appeal.

Nottinghamshire, Yorkshire, Leicestershire and Derbyshire miners say they would lose up to two tons of coal a year under the deal, which would supersede their area agreements.

Mr Leonard Martin, Nottinghamshire miners' secretary, said the executive decision was contrary to a previous conference decision that no miners should be worse off under a national agreement on free coal than at present.

A debate on the method of slating the Labour Party leader led to uproar. Mr Gurney declared that a Yorkshire appeal, aimed at changing the election system, had been lost on a show of hands, and rejected a call for a card vote.

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The offer would give all working miners eight tons of free coal a year, and retired miners five tons.

Earlier in the week the miners decided to reject an extension of the social contract, to seek £135 a week for faceworkers, to throw out a productivity bonus scheme and to demand a four-day working week from November 1.

Yesterday the Nottinghamshire miners lost by 153 votes to 118, an appeal against the union executive's decision to ballot members on the free coal offer. Scotland and South Wales, which would benefit from the offer voted against the appeal.

Nottinghamshire, Yorkshire, Leicestershire and Derbyshire miners say they would lose up to two tons of coal a year under the deal, which would supersede their area agreements.

Mr Leonard Martin, Nottinghamshire miners' secretary, said the executive decision was contrary to a previous conference decision that no miners should be worse off under a national agreement on free coal than at present.

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HOME NEWS

University principals' exam threat to Schools Council

By Diana Gleddes
Education Correspondent

The Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom yesterday threatened to sever "relations with the Schools Council for curriculum and examinations unless they are guaranteed a place on the proposed new council committee."

Under plans for the council's reorganization, which were put to a meeting of its governing council yesterday, the present teacher-dominated 77-member governing council would be replaced by a tripartite structure.

This would consist of a committee reduced to about 50 members, only two-fifths of whom would be teacher representatives; a smaller committee where the teachers' majority would be retained, and a finance and priorities committee with about one-third of the members teachers.

The restriction of the convolution to no more than about 50 members has inevitably meant that some organizations now represented on the governing council will no longer be represented. Under the present proposals, there would be eight "representatives of higher and further education", but with no specification as to who those would be.

Dr G. Templeman, of the Committee of Vice-Chancellors and Principals, said the university voice had been virtually eliminated from the council and that the vice-chancellors

could not accept the proposals in their present form. If they went through, the committee might well have to consider its relations with the council.

Mr A. Jennings, chairman of two Schools Council committees on examinations, said the universities were threatening to set their own entrance examinations and not to take part in the secondary schools examinations being developed by the Schools Council. That interpretation of their proposal was challenged by the vice-chancellor.

The representatives of the Council of Free Churches, the GCE boards, and the independent schools also protested strongly against their exclusion from the proposed convocation.

Other governing council members were concerned at the reduced size of the new body. Some called for greater clarification of the relationship and powers of the three new parts of the council.

In the end, the members agreed only to accept the broad outlines of the proposals put to them by the council's review committee. They asked the committee to reopen discussion on the size of the convocation and on the question of who should be represented. The ratio of two teachers to three lay members on the convocation was approved.

Mr Alex Smith, chairman of the Schools Council, said he hoped that revised plans would be ready in time to be presented to the next meeting of the council in January.

Break with school at 16 favoured by study group

By Our Education Correspondent

A study of educational provision for 16 to 19-year-olds, published today by the National Foundation for Educational Research, favours a break from school at the age of 16 for pupils wishing to continue

From both the educational and the economic point of view it would be preferable if A-level and vocational studies for the 16 to 19 age group were done in separate further education institutions rather than in school sixth forms, the report says.

Thirty years ago the distinction between the role of the schools and that of the further education colleges was fairly clear. Schools were there to provide education, particularly in academic subjects, whereas the colleges were seen as training institutions with a definite vocational slant.

Now many further education colleges were providing GCE A-level courses together with vocational courses, while many school sixth forms were increasingly having to provide for the non-academic needs of those who stayed on for just one extra year.

That duplication of educational provision, with school and college often only a few hundred yards apart, was a costly and inefficient use of teaching resources.

For some, the continuity provided by the 11 to 18 school,

with its long term interest in the development of the student, offered the best chance for a beneficial sixth-form course.

For others, who fell foul of the secondary school authorities, the opportunity to make a fresh start would be advantageous.

Apart from its religious significance for the Muslim community in Britain, which is estimated at anything between 500,000 and a million, it will be a centre of Islamic culture and instruction. Although there are thought to be about 400 mosques in Britain, few have been built for the purpose and certainly none approaches the same scale.

The idea for such a building goes back to 1944, when the Commissioners of Crown Land made the site available in return for permission to build an Anglican church in Cairo. The initial design, submitted in 1955, was rejected by the Royal Fine-Art Commission, and 10 years later it was decided to hold an international architectural competition, which attracted 52 entries from 17 countries.

The winner was Sir Frederick Gibberd, and the contract was awarded to John Leing Construction. Work did not begin until April, 1974, one reason being that the arrow pointing to Mecca on the plan was found to be 14 degrees off course.

Almost all the cost has been met by donations from the governments of Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Libya; Saudi Arabia had

contributed a further £1.2m towards running expenses.

Gifts in kind include a marble floor from Algeria, chandeliers from Jordan, pulpits from Egypt and Morocco, marble inlays from Syria, and the carpet for the main prayer-hall from the Shah of Iran. The white and blue frieze around the drum of the dome has been presented by the Turkish Government.

Despite the use of modern concrete and glass, the mosque is recognizably traditional. The winner was Sir Frederick Gibberd, and the contract was awarded to John Leing Construction. Work did not begin until April, 1974, one reason being that the arrow pointing to Mecca on the plan was found to be 14 degrees off course.

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ROYAL COMMISSION ON THE PRESS

Savings by technology 'cannot guarantee every title'

By Craig Seton

Freedom of the press is at that degree of freedom from restraint which is essential to enable proprietors, editors and journalists to advance the public interest by publishing facts and opinions without which a democratic electorate cannot make responsible judgments". That is stated in the majority report of the Royal Commission on the Press, published yesterday.

But as some parts of the press are more subject to economic than other forms of restraint, the commission had to consider whether the public could obtain the information and opinions it needed without a range of diverse newspapers as wide or wider than at present available, and whether the public interest in diversity might not be so great as to justify removing or reducing financial constraints by some form of subsidy.

The report says that almost all those who gave evidence agree that the press should neither be subject to state control nor left entirely to the unregulated forces of the market and, it states, that general account.

The public interest, the report says, does not reside in whatever the public may find interesting and the press must be careful not to perpetrate abuses and call them freedom. Freedom of expression cannot be absolute. There must be boundaries in it and realistic discussion concerns where those boundaries ought to be set.

Several of the nine national daily and seven Sunday newspapers are, however, looking to the market for profit or profitability only in good years.

It is impossible, the report says, to predict how long titles will keep going, not only because of uncertainties about the cause of costs, but also because of further increases in newspapering, the economies to be derived from new technology and the likely effect of possible disruption by unofficial action.

Savings from the introduction of new technology can guarantee every title's future, but may give the weaker titles a breathing space in which to find new markets.

The provincial press, except some morning newspapers, is generally very partisan. Many provincial papers or groups enjoy a monopoly of readers or advertising revenue in their areas.

The report says it is humbug for newspapers to defend the publication of reports obtained by

invasions of privacy, written so as to conceal commercial interests and to蒙蔽 the public curiosity of readers, with the justification that such staff strengthens the nation's morale fibre.

Equally, it is humbug to credit items intended to divert and entertain for failure to provide material for instruction and serious political debate.

Research authorized by the commission shows that in general the news is seen by editors as meeting their needs well. The figures alone are a sign of that. Majorities of readers of the different classes of news paper were prepared to endorse or volunteer statements of strong approval of papers both for the services they provided and the way in which they provided them.

But there are criticisms. News paper are seen as too much of a mix of news and conflict; not enough background to the news is provided, and some important institutions such as trade unions, are covered inadequately.

The commission examined complaints particularly that newspapers displayed a bias against the left, and a bias against trade unions. The critics were mostly from the Labour Party, the TUC and trade unions individually.

On the first complaint, it says that some national newspapers, notably the *Daily Mail* and the *Daily Express* on the one hand and the *Daily Mirror* on the other are still strongly partisan, but concludes: "the evidence we have had does not suggest that in either the national or local press there is a clear balance against Labour is a strong one."

The report accepts, however, that reporting industrial relations presents difficulties, and what is written too far trade unions often fails to meet the standards that take up most of their time. It urges that the training and education of journalists should equip them better to understand social institutions.

Concerns of privacy, it says, that the way in which a few national newspapers treat some private lives is one of the worst aspects of the performance of the press. The commission refrains from giving examples, but supports the Press Council's declaration on privacy.

Turning to the influence of advertising, it says that for newspapers the evidence is that the overall balance of content is not unduly influenced by the news of advertisements.

The report concludes that although the number and range of titles is diverse, there is much less diversity among the large national and provincial newspapers. The existence of many small publica-

tions does not of itself secure diversity of opinion because most of them are not widely available.

Thus Britain alone in the world has nine newspapers circulating all over the country "is a benefit which we prize highly". It is most desirable that as many as possible of existing national titles should, similarly, remain in existence.

The report rejects a Swedish scheme in which subsidies are confined to papers in need and help is given in accordance with automatic rules in order to avoid influence of state pressure or influence.

The commission also examined the possible pros and cons devised by the present methods of financing newspapers. It dismisses the Labour Party's scheme for an advertising revenue board to redistribute the profits of advertising and says the newspapers most likely to suffer from such a redistribution would be *The Times* and *The Guardian*. It says that such a scheme as proposed "would provide a newsworthy stability, would be uncertain in its effects and administratively cumbersome and expensive."

It examined a proposal for a cash bounty to be paid to national and regional daily newspapers with relatively small circulations to increase them and to encourage new newspapers. It says: "We do not believe that a scheme of this kind, based on a formula, would be free in practice from the dangers of government intervention."

The Labour Party and trade unions suggested a national prioritizing corporation and the TUC's national press finance corporation, the first to finance the work of newspaper companies that might result in a new national publication which might result from lack of printing capacity and the second to buy printing plant for leases to publishers to reduce the high cost of entry to newspaper publishing.

The commission rejects those proposals, together with those for a new fund to assist the launching of new weekly newspapers; a fund to help the launching or distribution of small magazines; an independent press authority to impose an excess profit levy, and various other schemes.

The report concludes that the proposals should be rejected because their objectives cannot be achieved without breaching the principle that continuing dependence on government assistance is undesirable.

The report says similar suggestions were put to the two previous royal commissions on the press and although rejected had continued to be advocated. It says: "We hope, perhaps optimistically, that by arguing the pros and cons

regard as congenial and harmless.

we may have finally laid them to rest."

The commission looks for abuse of economic power, but concludes that it is impossible to tell from empirical evidence, and would have been difficult to establish even by more extensive research, whether the quality of service provided by newspapers varies with the size of their audiences.

It would be conceivable if the larger companies, particularly with provincial newspapers, grew much more. The credibility of the press would dwindle the more it became owned by large corporations whose interests were remote from the localities their papers served.

The report recognises that, at times, mergers and acquisitions are necessary, but proposes changes in the legislation designed to cover the growth of large regional groups claimed by national or regional companies.

At present the Monopolies and Mergers Commission is required to report whether a merger may be expected to operate against the public interest. The report recommends that consent should be withheld unless the mergers committee reports that it is satisfied against the public interest to start a new newspaper.

The commission is "impressed by the growth of anxieties during the controversy and we view their weight and diffusion as important". It says elements within the NUCI, coupled with the highly coloured language used by the press, has led to a loss of confidence in the media.

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July 8, 1977

WEST EUROPE

The many ways that Frenchmen can cut their tax liabilitiesFrom Charles Hargrove
Paris, July 7

Classification for the publication of all documents of the Commission during the year 1978 and 1979.

Mr Jean Olav Gundelach, responsible for the French economy, yesterday said he would be submitting an extended budget to Ministers next month. Almost three-quarters of France's small firms have a turnover of less than 500,000 francs (£59,000) declare "losses" at least no profits. These are mostly family firms which have adopted the status of limited liability companies for tax reasons.

The Tax Council obviously considers that the frequency of tax inspection is too low—every 19 years on average for small firms, with a turnover of less than 500,000 francs and every seven years for larger firms, with a turnover of more than 50m francs.

The report also deals at length with the means used by international companies to evade taxation.

Another surprising discovery of the Tax Council is that the rate of increase of taxation of French firms is slower than that of individuals. One of the reasons is the multiplicity of exemptions and concessions which, by decisions of Parliament, have been placed outside the field of taxation in the past 15 years.

Although employers in this country complain loudly about taxation, the total tax burden has not varied much over the past 10 years and it has rapidly increased in most other countries. It is now about 37.5 per cent of the gross national product, as against 46.7 per cent in Denmark and 35.5 per cent in Britain.

If the proportion of an average individual's income paid in income tax in France is so low—4.6 per cent, as against 11 per cent in the United States, 14 per cent in Britain and 27 per cent in Denmark—the reason is, according to the report, that social contributions are much higher than elsewhere: about 42 per cent compared to a third or a sixth in most other countries of the European Community.

foot Part
Mauritania

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The report notes that it is difficult to appreciate the legitimate character of expenditure on shows or entertainment, on the decoration of offices, or on presents to members of the firm or outside sources whose help might be useful to the firm.

This has led Parliament to limit these abuses by ruling that the annual increase of overheads cannot exceed 5 per cent.

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OVERSEAS

Former colleagues of Mr Bhutto say they were tortured in secret Pakistan detention camp

From Our Correspondent
Islamabad, July 7

Thirty-three political leaders and workers, including two former ministers of Punjab who were held in illegal detention in a remote camp in Azad Kashmir, have been released after the removal from office of Mr Bhutto, the former Prime Minister, in a military takeover on Tuesday.

Most of the prisoners who alleged they were tortured physically and mentally during their 21 months detention, were originally supporters of Mr Bhutto and held important government and party offices.

They were rounded up by police and the federal security force in October 1975, when a section of the Punjab People's Party, led by Mr Ghulam Mustafa Khar, staged a political revolt against Mr Bhutto, with Mr Khar offering himself as a candidate in opposition to Mr Bhutto's candidate in a by-election to the Punjab provincial assembly.

Mr Khar, after a time as opposition leader, rejoined Mr Bhutto and became his official political adviser only about a month ago. He is now detained.

Released prisoners said they were given severe beatings during the initial period of their detention and frequently doused in the icy water of the river

Jhelum during the winter of 1975. Their health had shattered as a result of physical torture and mental agony during solitary confinement. They were told by police interrogators that they would be shot and thrown into the river.

On a number of occasions petitions on behalf of detained people were presented in the High Court of Lahore by their families but the Punjab Government and the police pleaded ignorance about the whereabouts of the detained people.

The Lahore High Court has since the first Army takeover in 1958, she press has been governed by a system of "advice notes" on individual stories. During the political unrest after the elections in March press censorship was imposed by Mr Bhutto for six weeks.

Lahore, July 7.—Sir Piaro, the most senior Opposition leader still in liberty after the takeover, said today that Mr Bhutto should be tried in open court "for crimes against the community, the country and in election to the Punjab provincial assembly.

The Pir, a hereditary Muslim saint and leader of the Muslim League, arrived here last night after being held for 12 hours by the country's new rulers. No reasons have been given for his release when other leading politicians were still being held, but he said they were treated with respect and courtesy by the troops. Reuter.

"Editors are for ever telephoning for clearance for their stories", he said. "All we can tell them is to use their own discretion". The armed forces had imposed no kind of censorship since they ousted Mr Bhutto.

General Zia al-Huq, who overthrew the Government, said he wanted newspapers to live up to their claims as advocates of freedom of the press but without violating journalistic standards.

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Speaker to become India's new President

From Our Correspondent
Delhi, July 7

Mr Canjiva Reddy, the Lok Sabha (Lower House) Speaker, is certain to become President of India. The ruling Janata Party and the opposition Congress Party have agreed on his candidacy. The election on August 6 will be only a formality. Mr Reddy is 64.

Mr K. S. Hegde, aged 68, a member from Karnataka and a former Supreme Court Judge, is expected to become Speaker.

Mr Reddy was the Congress Party's candidate for the presidency in 1969 but was defeated through the efforts of Mrs Indira Gandhi, then the Prime Minister, because she considered him to be the candidate of her opponents in the Congress Party.

The President has the power to declare an emergency in case of foreign hostilities and internal disorder. Since the imposition of the last emergency, his office has assumed importance.

The electoral college consists of the members of both Houses of Parliament and of state Assemblies. The Congress Party controls the Rajya Sabha (Upper House) and the state assemblies of Assam, Andhra Pradesh, Karnataka, Kerala and Maharashtra.

At one stage, there were many possible candidates for the presidency. The Janata Party itself could not agree on one candidate. The Jans Sangh's preference was for Mr Hidayatullah, the former Chief Justice. Mr Desai, the Prime Minister, suggested Mrs Rukmani Arundale, an eminent figure from south India. Mr Chiran Singh, the Home Minister, proposed Mr Jagjivan Ram, the Defence Minister.

Mr M. C. Chagla, a former Chief Justice of the Bombay High Court, was also a possible choice for some time. Mr Jayaprakash Narayan, the Gandhian leader, suggested Mr Achyut Patwardhan, a hero of the 1942 underground movement against British rule.

Mr Janata Party's criterion for choosing a candidate was that he should be from south India, where the party did badly in the last Lok Sabha elections.

At one time the candidacy of Mr Sanjiva Reddy was opposed by Mr Brahmananda Reddy, the president of the Congress Party, because of their rivalry in the political life of Andhra Pradesh.

In addition, a whole energy strategy emerged from the summit session which Mr Nikolai Faddayev, the Comecon Secretary, summarized as "mobiling to the maximum degree potential energy resources from low-grade lignites to atomic power".

The main features of this strategy, Mr Faddayev told a press conference, would be the introduction of new, more efficient extraction technology, a more economical use of fuel in industry, the location of high energy consumption industries close to raw material sources, and further prospecting for oil and gas.

The summit meeting also adopted a programme to push ahead rapidly with nuclear power stations.

For the Soviet Union, exporting to the West means hard currency to pay for imported industrial technology. Selling within Comecon means payment in goods at rates which, although sharply increased of late, are still well below world levels.

Comecon's problem is that, apart from some oil and gas in Romania, and extensive deposits of coal in Poland, East Germany and Czechoslovakia, the smaller countries depend largely on the Soviet Union for energy sources.

Although the Soviet Union is rich in many raw materials, its resources, especially oil, are not being developed as fast as the demands of its allies are growing.

Comecon has announced plans for joint development ventures in fuel and raw materials as well as in engineering, food production, consumer goods and transport.

These are in addition to joint projects already under way, including schemes for bringing Soviet gas and electricity by pipe and powerline to East Europe. Western analysts say that the non-Soviet countries are having difficulty in meeting their half-share of the \$13m

in the general election to the Lower House of the Diet last December, the Communists, the ruling right-wing Liberal Democratic Party and the Socialists all lost ground to the middle-of-the-road opposition forces, the Komeito (Clean Government Party), the Democratic Socialist Party and the New Liberal Club, an emerging moderate conservative group.

Much to the chagrin of the left-wing extremists, the Communist Party's latest platform merely calls for the nationalization of the energy industry.

On external affairs, it calls for abrogation of the security treaty with the United States under the correct procedures of Parliament.

Bowing to the pressures of nationalism, Mr Niymoto says that the Japan Communist Party will support a treaty of unity and peace with the Soviet Union only after Russia returns four occupied Japanese islands in the Kurile Chain. It will follow a policy of non-alignement if it comes to power.

Like the ruling party and five main opposition groupings, the Communists are calling for measures to prevent corruption, increase public spending on housing and welfare projects and promote better prices for farmers—the backbone of the rural vote.

The party also promises to ban corporate donations to political parties but its programme does not hold out any substantial threat against the system of free enterprise. Instead it promises to assist small enterprise with tax cuts.

The Communists are contesting 52 of the 125 vacant seats in the Upper House. The latest opinion polls indicate that the party will suffer setbacks and lose two of its 20 seats in the Upper House.

Comecon nations are facing energy crisis

Warsaw, July 7.—Although the phrase is being studiously avoided, there is little doubt that Communist leaders now realize they are facing an energy crisis.

Only a few weeks after President Carter was urging Americans to save energy, prime ministers of the nine-nation Comecon economic grouping—the Soviet Union, the East European states, Cuba and Mongolia—were exchanging the same message.

These countries may not have many gas-guzzling cars, but they do have mounting problems of fuel extraction, and expanding industries which often waste energy.

The Comecon countries were aware of the problem even before the world oil price explosion of 1973-74 and the Comecon council session in Warsaw last month was dominated by discussion of the subject.

Comecon's problem is that,

about £7.5m, investment that

Comecon is reported to have

allocated for these projects

is aimed at saving energy

but, according to Mr Jambjan Basmashvili, the Mongolian Prime Minister, a key element is "the creation by joint efforts of large fuel and energy complexes on the territory of countries possessing significant resources"—presumably the Soviet Union first.

In addition, a whole energy strategy emerged from the summit session which Mr Nikolai Faddayev, the Comecon Secretary, summarized as "mobiling to the maximum degree potential energy resources from low-grade lignites to atomic power".

The main features of this strategy, Mr Faddayev told a press conference, would be the introduction of new, more efficient extraction technology, a more economical use of fuel in industry, the location of high energy consumption industries close to raw material sources, and further prospecting for oil and gas.

The summit meeting also adopted a programme to push ahead rapidly with nuclear power stations.

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Reuter.

Mutiny on board Sri Lanka ship

Colombo, July 7.—About 150 Sri Lankan crew members of the cargo vessel Lanta Keerti, owned by Ceylon Shipping Corporation, have mutinied and assaulted their captain, the corporation's chairman, Mr P. E. Karandawala, said today.

He said the 8,620-ton ship was entering Tripoli harbour, Libya, with a consignment of tea and general cargo a few days ago when the mutiny occurred. The captain was admitted to hospital but had since rejoined his ship.

Mr Karandawala said the mutineers were being flown home to Colombo and a senior officer of the corporation had flown to Tripoli last night to hold an inquiry. Reuter.

Australian Labour party call for uranium mining ban

Perth, July 7.—The Australian Opposition Labour Party voted today for an indefinite ban on uranium mining in Australia.

The party's biennial conference took only 45 minutes to decide against any mining and export of Australia's 20 per cent share of the Western world's uranium. It rejected a recommendation by the party's minerals and energy committee to ban mining for two years.

Mr Fraser, the Prime Minister, is expected to announce next week that uranium mining can resume after a four-week delay while the effects on the environment were investigated.

They failed to overcome opposition from party members concerned about both health issues and proliferation of nuclear weapons.

The conference rejected

Malawi Cabinet dismissed by Dr Banda

Blantyre, July 7.—President Banda of Malawi has dismissed his entire Cabinet and all deputy ministers and parliamentary secretaries, the Malawi news agency reported today.

Undue zeal shown by certain officials in fighting religious beliefs and superstitions has from time to time caused friction. In September, 1975, during ceremonies in Lhassa marking the tenth anniversary of the autonomous region, Chairman Hua Kao-feng—then Deputy Prime Minister and Minister of Security—applied for the "correct application of the policy laid down in the constitution regarding religion".

At the same time, a local leader revealed that "the class struggle is still bitter and complicated" in Tibet.

These unresolved problems, the exile of 90,000 Tibetans and their spiritual leader, the Dalai Lama, and criticism by the latter of the Peking regime mean that the Tibetan question is still an extremely touchy one for the Chinese leaders.

Justice, Agriculture and Natural Resources, Works and Supplies.—Reuter.

Conducted four on the Roof of the World

Peking, July 7.—The first group of Peking-based foreign correspondents to be allowed to explore Tibet left here today on a four-day visit to the "Roof of the World".

The Chinese authorities have recently been opening up Tibet to the outside world. Two ambassadors were there in 1975, and then various British, German, American and Japanese journalists and film makers were allowed to visit it last year and this year.

Tibet, the scene of an armed rebellion against the Chinese "occupiers" in 1959, has already yielded up many of its secrets since the Peking authorities decided that the situation there was sufficiently healthy and integrated with the Chinese state far enough advanced to allow visits by a growing number of foreigners. But such visits are still the privilege of a few.

The journey from Peking to Lhassa by rail and road would take more than a week. So the trip is made by air in two stages: Peking to Chengdu, the capital of Szechuan province, and then, after an overnight stop, on to Lhassa.

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THE ARTS

Comic distortions of the Bogart era

The Late Show (aa)

Warner West End

In With Dick and Jane (a)

Odeon, Haymarket

The Devil's Playground (aa)

Warner 1

The Spy Who Loved Me (x)

Odeon, Leicester Square

SOCIETY OF WILDLIFE ARTISTS
July 14-16, 1977, 10.30 a.m.-5 p.m.
TATE GALLERIES, 43, Drove Lane, London SW3
ADMISSION: £1.50, £1.20, £0.75, £0.50
WATERCOLOURS, OILS, COLOURED PASTELS,
DRAWINGS, SCULPTURE, PHOTOGRAPHS,
PRINTS, BOOKS, ETC.
OPENING HOURS: 10.30 a.m.-5 p.m.
STYLING: BROWNE & DIBBLE
PHOTOGRAPHY: R. M. ROBINSON
MUSEUM: THEATRE: 10.30 a.m.-5 p.m.
CINEMA: 10.30 a.m.-5 p.m.

ARTISTS' GALLERIES
July 14-16, 1977, 10.30 a.m.-5 p.m.
TATE GALLERIES, 2-6, 10th Avenue, London SW3
ADMISSION: £1.50, £1.20, £0.75, £0.50
WATERCOLOURS, OILS, COLOURED PASTELS,
DRAWINGS, SCULPTURE, PHOTOGRAPHS,
PRINTS, BOOKS, ETC.
OPENING HOURS: 10.30 a.m.-5 p.m.
STYLING: BROWNE & DIBBLE
PHOTOGRAPHY: R. M. ROBINSON
MUSEUM: THEATRE: 10.30 a.m.-5 p.m.
CINEMA: 10.30 a.m.-5 p.m.

With Ira (Art Carney) in

Albert Einstein's The Late Show,

version 2 Macbeth

40 years since

Hollywood made

film titles is called "Ahead of

the Game" and celebrates "A

whole new way of behavin'" And

brand new rules to break."

When the credit company

moves in for the kill and the

garden suppliers repossess the

trees and roll up the lawn and the

welfare state on account of

their cheating, the couple

see only one possibility before

them. Dick and Jane go into

business holding up super-

markets and motels. This way

they quickly recover their place

in the social scale; and their

final coup—thieves the "slush-

money" from Dick's old firm

—sees them secure at the top.

George Segal and Jane Fonda

are expert at fast comedy; and

the film is funny at the level

of television series comedy, and

sometimes rather better—the

joy of the bystanders when

the Robin Hood hold up the

dreaded telephone company, or

the experienced cool with which

he runs away. His worst symptom

is bed-wetting, and the good brothers hope to cure him with a mighty dose of Lourdes water before retiring.

Christopher Wood and

Richard Marquand's script has

the right mixture of extravagance

and third-form humour. "He just dropped in for a small bite," says witty Agent 007

of a vampiric gangster departing

involuntarily through the window. This character, Jaws (Richard Keil), is kept alive

throughout the film, and is clearly destined, with his indestructibility and vice-like

jaw of steel teeth to be the big

success of the film, among the

eccentrics with which the story

surrounds the rather colourless Bond (Roger Moore).

As usual, however, the film

owes much of its success to the

production design of Ken

Adams who realises—and even

graces with a certain architectural

style—such comic strip

fantasies as Curt Jurgens's sub-

marine palace, filled with

push-button booby-traps for the

unwary. In this latest Bond

episode, two Egyptian locations,

notably *son et lumiere* at the

Pyramids, are used with a nice

sense of fun. The director was

Lewis Gilbert.

The James Bond films become

more attractive as their pre-

decessors.

The story and the subsidiary

by William Sharpe

The King of Soldiers like

the Jewels John Gielgud's Caesars

Daily Mirror

John Schlesinger's production

poetic and vigorous

Evening Standard

N. Oliver Theatres

NATIONAL THEATRE

THEATRE

ILLUSTRATION CORPS

ing's College Choir

E.H.

tanley Sadie

4.30 p.m.

BERT HALL

ARMONIC CHOIR

SOCIETY

OF GLORY

WEEKLY

REVIEW

SPORT

Golf

Another brave heart shakes the establishment

By Peter Ryde
Golf Correspondent

The second round of the Open golf championship, at Turnberry, contained some sensational golf, not much of which seemed to be concerned with establishing a likely winner. All one can say is that the establishment is still very much there, four champions tied in second place behind a new outsider. The man with maximum talent breaking down his neck is Roger Maltbie, a 26-year-old Californian, who has shown a good deal of depth in coming over here since he has 500-plus in the United States Order of Merit. But like many of the lesser known Americans, he has won well if not often. The quarter behind him on 128 consists of Nicklaus, Trevino, Green and Watson.

Trevino had a chance to take over the lead when in the late evening he came to the last hole needed to qualify for the final. At 29, but he took nine putts from 43 feet, his second one from inside a yard going in and out of the hole. His round was as different as could be from the day before when he had holed almost everything, 12 m. much easier than green as well as in some championship I can remember, including those I have won". But like Nicklaus he holed little, the longest of 15 feet was to save his par at the 14th.

Nicklaus had much the same story to tell. He could himself have been in the lead had he holed anything like the number of putts he would expect. His longest from 12ft to save his par on the fifth.

Cope, with a hole in one and a 66, which was only the third lowest of the day—Hayes broke all kinds of records with a 63—is trying to add the British to his US Open title. Above the Americans in terms of his home game skill and experience, as good a position at this stage to win, as in any recent important event. On an easier day there were fewer pars than on the first day, a surprising fact in view of some of the low scores returned.

Behind the handful under par, other class players are close up—Gresham, Irwin, Shearer and Marsh, for example. The leading Briton, on 128, is Butler. He was

Hole by hole of the leaders

R. Maltbie	4, 4, 4, 3, 4, 4, 4, 4, 5=34; 4, 3, 3, 4, 2, 4, 4, 4=32. Total, 65.
S. Ballesteros	5, 6=37; 5, 3, 4, 4, 5, 4, 4=37. Total, 74.
S. Ballesteros	4, 4, 4, 3, 4, 3, 4, 5, 5, 3, 4=34; 5, 3, 4, 3, 4, 5, 4=37. Total, 71.
J. Nicklaus	4, 4, 4, 3, 4, 4, 4, 4, 4=35; 5, 3, 4, 3, 4, 4, 4=37. Total, 70.
J. Watson	4, 5, 4, 4, 3, 4, 4, 4, 4=35; 5, 3, 4, 3, 4, 4, 4=35. Total, 70.
P. Trevino	4, 4, 4, 3, 4, 3, 4, 4, 4=35; 5, 3, 4, 3, 4, 4, 4=35. Total, 70.
M. Hayes	4, 4, 4, 3, 4, 4, 4, 4, 4=35; 4, 3, 4, 3, 4, 4, 4=35. Total, 69.
R. Butler	4, 4, 4, 3, 4, 4, 4, 4, 4=35; 4, 3, 4, 3, 4, 4, 4=35. Total, 69.
J. Schroeder	4, 5, 4, 4, 3, 4, 4, 4, 4=35; 4, 3, 4, 3, 4, 4, 4=35. Total, 70.

5, 6=37; 5, 3, 4, 4, 5, 4, 4=37. Total, 74.

H. Green : 4, 3, 4, 1, 4, 4, 4, 4=32; 3, 3, 3, 5, 5, 6=34. Total, 66.

M. Hayes : 4, 3, 3, 3, 4, 3, 4, 4, 4=32; 4, 2, 3, 4, 3, 3, 3, 4=31. Total, 63.

R. Butler : 4, 3, 5, 2, 3, 3, 4, 4, 4=32; 4, 3, 4, 3, 3, 4, 4, 4=32. Total, 64.

J. Watson : 4, 3, 3, 3, 4, 4, 4, 4=32; 4, 3, 4, 3, 4, 4, 4, 4=32. Total, 64.

P. Trevino : 4, 3, 3, 3, 4, 4, 4, 4=32; 4, 3, 4, 3, 4, 4, 4, 4=32. Total, 64.

M. Hayes : 4, 3, 3, 3, 4, 4, 4, 4=32; 4, 3, 4, 3, 4, 4, 4, 4=32. Total, 64.

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Tax cut decision and counter-inflation plans out next week

House of Commons

Wednesday, July 7, 1977

The Government planned to produce a White Paper on its counter-inflation policy for the coming year in time for it to be debated during the report stage of the Finance Bill which begins next Thursday, Mr Denis Healey, Chancellor of the Exchequer, announced during question time.

The Chancellor indicated he also proposed to make a statement to the House on his intentions to the Finance Bill, including his intentions about income tax cuts. He would be discussing pay issues next week with members of the economic committee of the TUC. Mr Healey stated that the possibility of a meaningful agreement with the TUC on pay policy after the expiry of the present round was by no means to be ignored.

The Prime Minister, who was also questioned on pay policy development after the cabinet conference decision this week, said the Cabinet would consider the matter after the talks with the TUC and the Government would bring forward their proposals. At one stage he conceded that at one stage the cabinet had no agreed industrial strategy.

The exchange began when Mr Nicholas Ridley (Brentwood and Tewkesbury, C) asked what the Chancellor intended to be the standard rate of income tax for 1977-78.

Mr Healey (Leeds, East, Lab)—Our discussions on the pay arrangements for the period up to July 31 are continuing. As soon as I am in a position to do so, I shall make a statement to the House. This will include an announcement about the basic rate of income tax for the current year.

Mr Ridley—Does he not think it disgraceful that three months after the starting of the financial year, he has still not told the country what rate of income tax he thinks we shall be paying through the current financial year?

Irrespective of the failure of Phase Three negotiations, will he say what he believes the rate of income tax should be? The House might decide otherwise. It has on the persons' allowances.

Mr Norman Atkinson (Hartlepool, Labour)—We have done our best in the financial Bill discussions to change the intentions of the Government on a large number of matters and has succeeded in one or two. I hope we shall not have more prating about morality in regard to this problem.

Mr John Biffen (Oswestry, C)—Phase Three of the incomes policy is free collective bargaining by whatever other name. Can he give an undertaking that the Government will not impose such a social contract unless it has been agreed by both sides of industry?

Mr Healey—I have already answered the question. I told the Government in my letter to the pay committee for money supply, domestic credit expansion, PSBR and public expenditure during the coming year.

On the relationship between tax cuts and pay policy, I said in my Budget speech on March 23 that I would not commit myself to a decision on the second group of concessions until a satisfactory agreement on a social contract had been reached. I made it clear that that requires assurance of continuing fall in our inflation rate.

Mr Norman Atkinson (Hartlepool, Labour)—The theme comes to the conferences of the transport workers, mineworkers and engineering workers has consistently been the threat of rising prices.

Should he not arrange a discussion with the Secretary of State for Transport, Economic Protection and take a lead from him in arguing for price controls as the only reasonable way for making progress in the wages business so that trade unions can freely bargain their wages against price controls readily agreed by the Government?

Mr John Biffen (Oswestry, C)—Phase Three of the incomes policy is free collective bargaining by whatever other name. Can he give an undertaking that the Government will not impose such a social contract unless it has been agreed by both sides of industry?

Mr Healey—The Government have committed themselves to specific targets for public expenditure, monetary aggregates and domestic credit expansion. We will stick to those targets, a factor not without importance in relation to any possible pay negotiations in the future year.

We inherited a deficit of £1,500m in the nationalised industries account because of price subsidies forced on them by the previous administration. We have wiped out that deficit.

Mr Michael Latham (Merton, C)—Is not the whole concept of a meaningful Phase Three a nonsense? If so, does he still intend to go ahead with cutting income tax and relating the economy?

Mr Healey—I do not think the possibility of a meaningful agreement with the TUC on pay policy after the expiry of the present round is by any means to be ignored.

I shall be discussing this problem next week with the members of the Economic Committee of the TUC. I shall tell the House my intention on tax when those discussions are concluded.

Mr John Hunt (Bromley, Ravensbourne, C)—Only last month he warned Nottinghamshire miners against going back to the mine if wages explosion we had two years ago did not end the relative insanity of those days. As he was in charge of the economy two years ago, was that not a remarkable political confession?

Is not the main difference between then and now that whereas in 1975 the Labour Party had just invited the miners and others to go for a wage freeze, they now claim, now that the free-for-all has caught up with the Government that they are exposing the kind of moderation and restraint they consistently dismissed and derided throughout the period of the last Conservative Government? (Conservative cheers.)

Mr Healey—On the question of the miners and pay I stand by every word I said in October and which was repeated by Mr Dey and Mr Gormley at the miners' conference two days ago.

I was shocked to find that when the decision was taken a day later by another party to go back to unbridled free collective bargaining that was immediately applauded and welcomed by the official Opposition spokesman.

Mr Jeremy Bray (Motherwell and

Wage explosion would destroy all hopes of reducing inflation

It was important that there should be moderate wage settlements during the next 12 months, the Prime Minister said at question time. If there was a wage explosion a great deal of the hopes they had for reducing inflation would be destroyed.

Mr Peter Blaikie (Blackpool, South, C), questioning the Prime Minister on the public statement by the Secretary of State for Industry (Mr Eric Varley) at the Union of Post Office Engineers conference on June 19, said: The Secretary of State was reported as saying that the Labour Government did not intend to leave over to the TUC the long-term fruits of state policy. (Labour cheers.)

Does the Prime Minister think that in mind was the current unemployment figure of 1,450,000? In the light of recent trade union decisions is there any prospect of avoiding an increase in that figure?

Mr James Callaghan (Cardiff, South-East, Lab)—Unemployment is the one serious blot on the progress that the Government are making. (Conservative laughter.)

The world is changing as fast as ever. We have planned and hoped for, I do not look for as much support from that as I would have hoped. Therefore it is more imperative that we overcome inflation in order that we may start domestic expansion in due course.

Mr Gormley (Chester-le-Street, C) asked: Given the social contract could not have got through the last two years. (Conservative laughter.) Is free collective bargaining leading to a wages explosion which will undo all the sacrifices that trade unions have made over the last 30 years?

Mr Callaghan—Yes, I believe that.

Can be assure the House that he will not go back on public expenditure cuts previously announced and reannounced on subsidies but will stick to the letter of his understanding to the International Monetary Fund?

Mr Healey—I have already answered the question. I told the Government in my letter to the pay committee for money supply, domestic credit expansion, PSBR and public expenditure during the coming year.

On the relationship between tax cuts and pay policy, I said in my Budget speech on March 23 that I would not commit myself to a decision on the second group of concessions until a satisfactory agreement on a social contract had been reached. I made it clear that that requires assurance of continuing fall in our inflation rate.

Mr Norman Atkinson (Hartlepool, Labour)—The theme comes to the conferences of the transport workers, mineworkers and engineering workers has consistently been the threat of rising prices.

Should he not arrange a discussion with the Secretary of State for Transport, Economic Protection and take a lead from him in arguing for price controls as the only reasonable way for making progress in the wages business so that trade unions can freely bargain their wages against price controls readily agreed by the Government?

Mr John Biffen (Oswestry, C)—Phase Three of the incomes policy is free collective bargaining by whatever other name. Can he give an undertaking that the Government will not impose such a social contract unless it has been agreed by both sides of industry?

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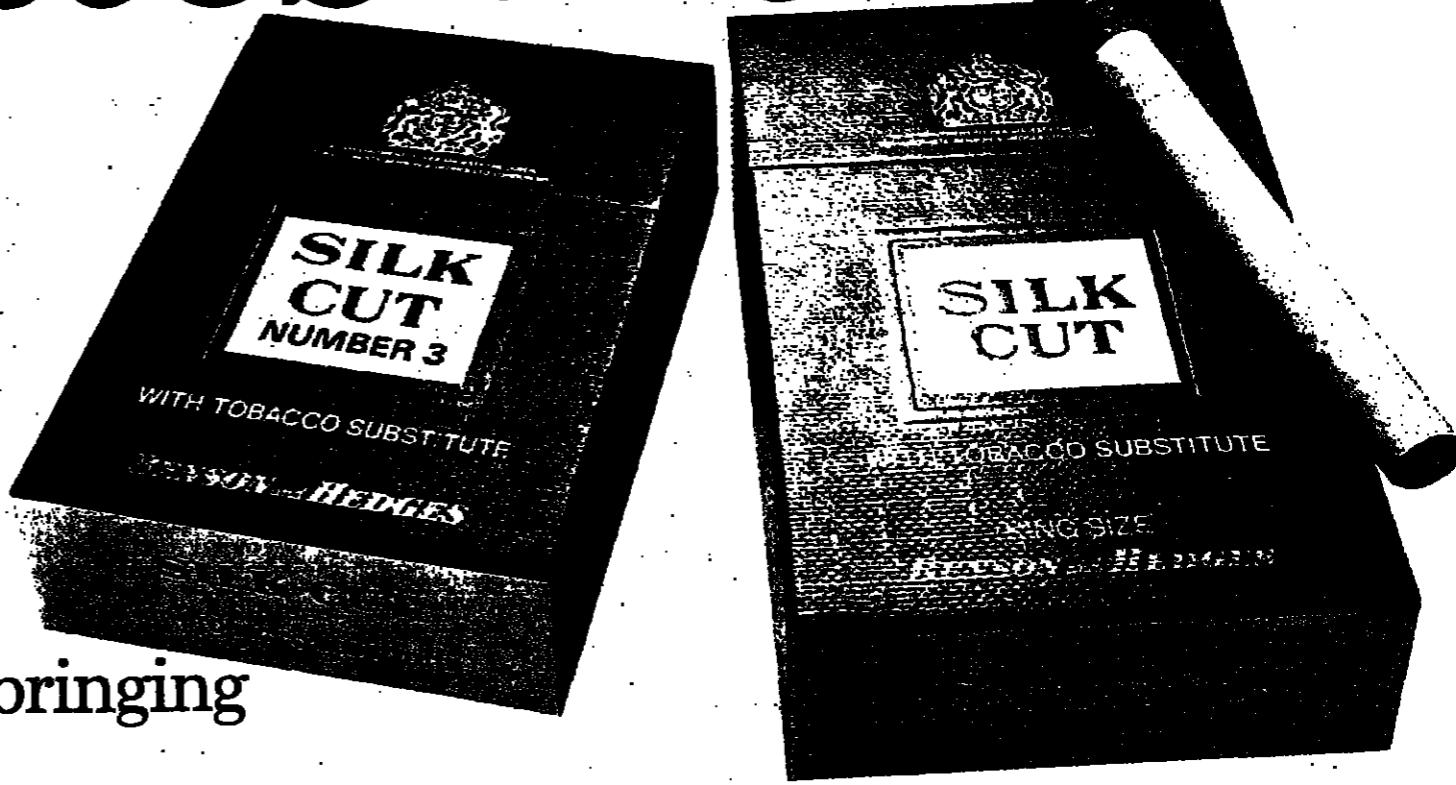
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Abortion: why the doctors are closing ranks against new curbs

July 15 is the last day for private members' Bills in this session of Parliament and the last chance for the Abortion (Amendment) Bill, sponsored by Mr William Benyon (Conservative, Buckingham) to become law. If it does succeed, it will impose restrictions on abortions against the wishes of the people who will have to carry it out—the doctors and nurses.

Abortion is so overlaid with emotion that it is difficult for anyone to make any statement about it without being accused by one side or the other of being partisan. But one fact is very clear indeed. Before the 1967 Abortion Act, most doctors opposed any liberalization of the law. Now about two thirds of all family doctors, and many gynaecologists and obstetricians, favour a liberal abortion law.

The change is the more remarkable because it seems to be permanent. Within two years of the 1967 Act becoming law, 56 per cent of general practitioners questioned in a Gallup Poll for *Doctor* magazine either favoured the 1967 Act being left as it was or amended to make abortion easier. Similar polls in successive years showed that the proportion was rising.

The coordinated campaign to amend the Act has left its mark, however. In 1975, a similar poll showed that the number of doctors favouring liberal abortion laws had dropped slightly to 64 per cent, while those wanting changes to make abortion more difficult to obtain had risen from 23 per cent in 1973 to 27 per cent in 1975. But the later figure was still less than the proportion of

28 per cent recorded in January 1970.

Since then, the prospects of the Benyon Bill having a real chance of becoming law has induced a remarkable number of doctors to voice their concern. More than 300 signed a letter to the *Lancet* last year deplored the prospect of a return to restrictive legislation. It led to support pouring in from hundreds more doctors, and now 2,000 of them are members of the newly formed organization Doctors in Defence of the 1967 Abortion Act. They include more than half the professors of obstetrics and gynaecology in Britain, and all the Scottish ones signed the original letter.

The new organization is chaired by Dame Josephine Barnes, consultant gynaecologist at Charing Cross and Elizabeth Garrett Anderson Hospital in London, and a member of the Lane Committee on the working of the 1967 Act. Dame Josephine was regarded with some suspicion by her medical colleagues who favoured liberal abortion, because she was regarded as favouring changes to the Act. But her experience as a member of that committee has turned her into one of the most ardent supporters of the existing law.

A month ago, Dame Josephine wrote to Mr Ennals, Secretary of State for Social Services, asking for specific information on a number of points because, as she put it, the discussion on the Act seemed to doctors with practical experience of it to be based on unsubstantiated allegations of abuse with no evidence being offered.

Will the Abortion Bill become law next week? Already the issue is surrounded by intense conflict

The reply confirmed the growing evidence that the medical profession is overwhelmingly opposed to any further restriction of the existing law. Of 24 organisations consulted by his department on the Benyon Bill, 12 opposed it and only 24 generally welcomed it.

None of the medical organisations favoured the Bill as a whole, and only two of the nursing organisations welcomed it. Most felt the Bill was unnecessary, particularly because of the action taken by the department since the publication of the Lane Report, which concluded that many of the abuses in the private sector were already being dealt with. Since 1969, approval for abortions has been withdrawn from 19 private nursing homes, and six applications have been refused. Since the register of pregnancy advisory bureaux began in March, 31 have been registered, seven applications have been refused, and decisions are pending on another three. Nursing homes are not allowed to accept patients from referral agencies on the department's

black list, which now has 23 agencies on it.

The Royal College of Obstetricians and Gynaecologists commented: "Although on this emotive subject the whole spectrum of opinion exists within the council, it is generally believed that the action taken by the DSS to remove abuse to the 1967 Act has been effective. The amendments suggested in Mr Benyon's Bill would appear to serve little purpose".

Similar views were expressed by the Joint Consultants Committee and the British Medical Association, which was also concerned that the Bill would increase the difficulties of women in some parts of the country in obtaining a health service abortion. In Newcastle in 1975, 11.6 per cent of abortions were performed outside the national health service and the majority of the rest performed in the charitable clinics, which are a target of the RCOG. A West Midlands area health authority consulted on the Bill said the provisions affecting the charities would effectively wreck the two key voluntary organisations which stand between the unfor-

most potent of the arguments

Bernard Levin

Steel yourselves for another round of Government hand-outs you cannot afford

Sir Charles Villiers, chairman of the British Steel Corporation, seeking the other day to explain the fact that the organization is at present losing some three million pounds a week, put it like this:

The trouble is due to weak demand for our products, weak prices for our products, too high break-even point of our products, too low a productivity per man, too little care in our plants and too small a commitment to success.

That, if I may say so, is a pretty comprehensive roster of trouble, and when Sir Charles concluded his analysis of the situation with the words "This just won't do", he could hardly be said to be exaggerating. On the other hand, he can be said to be wrong, for he is; it will do, and if you think that it won't kindly tell me whether you really believe that the British Steel Corporation will be allowed to collapse and go into liquidation? And if it will not, what meaning can be attached to the words "This just won't do", let alone to such a report as this, which I take to be an official lack?

...the state steel undertaking has been told by Whitehall that there is no possibility of its £250m cash limit being increased.

Come now, Whitehall: no possibility? None at all? Not even the merest trace of a possibility? Not the slightest hint of a

possibility? Not so much as a smidgen of a possibility? That is, the British Steel Corporation, if it cannot stop its losses, is going to be allowed to collapse and go out of business? Yes?

No. The £550m cash limit of the British Steel Corporation will be increased, even though three times seven, if that is what is needed to keep it going, and the implication that the outfit would be allowed to die the death of a lame duck is nothing but a canard.

I shall return to the point in a moment; but first, let us look at a report, which appeared on the front page of the account of the BSC's troubles about British Leyland. Mr Varley's suggestion, not long ago, that public finance for the production of the new Mini would only be provided if the company's problems of low productivity and bad industrial relations were solved was not, of course, intended to be believed except in the sense in which Mr Healey's warning that the tax-cuts would not be forthcoming if satisfactory Stage III agreement was not reached was meant to be believed. That is, the one meant that the tax-cuts would be made when the new Mini could be agreed. Mr Healey could just pretend that it had been done, and the other meant that the new Mini would likewise have to pay the price it is paid at; British Leyland will likewise receive the funds required to produce steel nobody wants at the price it is paid at; British Leyland car-makers, and there have been no reports from the Rhômes of further strain on NBS resources caused by a sudden rush of applications for tax-cuts. The British Steel Corporation will get all the money it needs to produce steel nobody wants at the price it is paid at; British Leyland will likewise receive the funds required to produce cars nobody will buy at the price demanded; and the CBI Board will get all the subsidies required to pay the miners to produce energy that could be more cheaply provided in other forms.

These things will happen even though the Government knows very well not only that they are ruinously expensive

Varley would likewise affect us to believe in return that trouble at British Leyland is now a thing of the past.

I shall return to this theme, too, but before drawing the conclusions let me refer to a third side of this debased coin. (You say that you don't have a coin with three sides? You don't know, this Government.) The miners' pay-chain is being widely depicted as the fuse which will detonate the charge beneath Stage II, never mind Stage III, and so on down the line. But there is also much talk of such a pay-rise, making many more pits uneconomic and leading to their closure, thus putting many miners out of work. The miners are therefore said to be shortsighted, and to be cutting off their noses to spite their faces. It occurs to me that the plight of a straightforward man with a nose in dire need, for whom would he put the spectacles he requires for his myopia? The miners, however, can see a barn door by daylight just as clearly as a steelworker can, and for that matter a British Leyland car-maker, and there have been no reports from the Rhômes of further strain on NBS resources caused by a sudden rush of applications for tax-cuts. The British Steel Corporation will get all the money it needs to produce steel nobody wants at the price it is paid at; British Leyland car-makers, and there have been no reports from the Rhômes of further strain on NBS resources caused by a sudden rush of applications for tax-cuts. The British Steel Corporation will get all the money it needs to produce steel nobody wants at the price it is paid at; British Leyland car-makers, and there have been no reports from the Rhômes of further strain on NBS resources caused by a sudden rush of applications for tax-cuts. 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Tesco moves up price-cutting league

By Patricia Tisdall

After a slow start, the cut-price grocery war sparked off by Tesco when it discarded Green Shield trading stamps last month is expected to sharpen during the next few weeks. Research covering the period since the cut-price war started on June 9 indicates that Tesco's price reductions may have been much more widespread than was at first apparent.

The survey, part of a regular series produced by AGB Research, shows that their new price cutting policy has moved Tesco from 16th place in a league table of 21 big grocery groups' price competitiveness to second behind Asda. In terms of AGB's "shopping basket" model, Tesco, which had been charging 1 per cent above the average before the campaign had moved a startling 8 per cent below the average on June 21, three weeks after the campaign started.

Rival traders to Tesco described AGB's "shopping basket" decrease, which is based on about 100 items, as not being representative of prices overall. They say it is designed for internal use by



Miss Daisy Hyams: main Tesco problem is transfer and delivery of stocks.

replaced on the shelves. The reductions are spread across 800 products, but there is particular emphasis on canned goods and soft drinks.

At one small London branch yesterday, tinned peaches at 40p cheaper than the price charged by a nearby competitor and Coca-Cola at half price were sold out.

According to Miss Daisy Hyams, director in charge of buying, the difficulty is in getting goods out of warehouses. With direct deliveries, there are problems with parking and unloading.

With a few exceptions, rival grocery multiples and regional discount chains have so far been slow to follow Tesco's lead. One reason for this was disruption of supplies to Sainsbury, one of the keenest priced of the multiple groups, caused by an industrial dispute during the first part of the Tesco campaign.

This effectively knocked Sainsbury out of the running during that period, and diverted additional trade to other grocers, including Tesco. Sainsbury is now operating normally and is expected to offer full price competition.

A heavyweight television ad-

vertising campaign due to coincide with the start of the Tesco "Checkout" campaign and suspended because of the dispute, started appearing on Wednesday night. Full reaction by customers is expected to appear by the weekend, and this in turn could start a chain reaction of competition from other multiples and specialist discounters.

No independent research information is yet available to show where the additional trade, which is undoubtedly being gained by Tesco, is coming from. But the trends before the start of the price war were that independent and Co-op grocers were losing ground both to specialist discounters like Asda, Kwiksave and Presto as well as traditional grocery multiples such as Tesco and Sainsbury.

The Prime Minister and Mr. Varley, Secretary of State for Industry, have been warned of the "catastrophic" situation which faces many firms unless the Government acts quickly.

AGB's research indicates a growth by the discounters from May, 1975, from 6.9 per cent of grocery turnover by value, to 10.7 per cent by May this year. The traditional multiples share had decreased from 21.7 per cent to 29.9 per cent, and "other grocers" from 61.4 per cent to 59.4 per cent during the same period.

Their conclusions have still to be published but in letters to Mr. Callaghan and the Industry Secretary, Mr. Edmund Carridine, BTEA president, said that the seriousness of the situation in the spinning sector had been masked by payment of the restricted employment subsidy.

Spinners are in a particularly vulnerable position, being at the start of the textile production process, and have suffered from high import penetration and de-stocking along the textile pipeline, which works back from the retail sector.

The volume of imports and the prices at which they have been landed have dealt a double blow to United Kingdom spinning companies.

The commission has stressed that the present negotiations of the future of the Gart Multi Fibre Arrangement will have relevance to the longer term aspects of the survival of the United Kingdom textile industry and that there remains a pressing need for immediate effective action to deal with the crisis in the spinning sector.

More than 11,000 jobs in the cotton and allied spinning sector have been lost in the past seven years.

In a detailed submission to the Government the BTEA has called for a retention of the TES at the full rate and also suggested that the Government could provide finance for stockholding by spinners. It has also called for a curb on cotton yarn imports for the rest of this year through existing Gart legislation.

The arguments for and against are well rehearsed and have attained the status of religious dogma in the minds of some of the protagonists. It might be as well therefore to look at where our energy comes from now, and what sources of supply we can be reasonably confident about in the future.

In March, 1974, I was working with one of the best known receivers on a sizable public company that eventually went into liquidation. I was requesting a progress report which could have been released via the press at no cost to anyone. There was certainly no question of "A waste of money to produce a mass of documentation". Nevertheless, I met absolute refusal to do anything over and above the minimum legal requirements.

At that time, there was in existence a most comprehensive and up-to-date report on the company's affairs which had been specially prepared by the company's auditors following board disagreements concerning the company's true position.

This information only passed as far as the receiver and his appointor, where it stopped.

In a subsequent interview with the Financial Times, the gentleman concerned said:

"Receivership is a growth industry - a remark that is on par with the undertaker who said 'Death is the thing of the future'."

At this stage, I have only

one criticism to make of CCAB memorandum which is that it does not go far enough.

If the prime creditor is sufficiently sure of his information as to appoint a receiver within days or even hours a moment of doubt, then, first report to creditors and should be issued immediately.

In such a situation 30 days would not be unusual.

Yours faithfully,

R. A. MEGUYER,
c/o Hotel Jordan
Continental
PO Box 3504,
Amman,
Jordan.
June 30.

With no disrespect to our

negotiators, I was surprised when it was decided to settle Bernardo I in June 1976. It seemed rather like a pomeranian taking on an alsa-

Role nuclear energy will need to play

From Professor Ian Fells

Sir, As a surviving signatory of Bernardo I may I express strong agreement with everything in Sir Peter Macfarlane's letter of July 4 on the subject of Bernardo II?

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At a loss

From Mr. Roger C. Fooks

Sir, I should be most grateful for your advice on how I should react in this morning's report (July 6) on the performance of the British Steel Corporation.

Since it seems that I must criticize Sir Denis Roddey for

excessive profits of £50m - should I now immediately send my congratulations to Sir Charles Villiers, for a greater loss?

I find it all very confusing.

Yours faithfully,

ROGER C. FOOKS,
Suite 500, Chesham House,
150 Regent Street,
London W1R 5FA.

In 1975 primary energy demand in the United Kingdom was 320 million tons of coal equivalent (MTCE). Coal provided 118 mtoe, oil 134 mtoe, gas 55, "alternatives" 11. This gives a quite healthy spread of energy supplies with nuclear power supplying surprisingly providing less than 4 per cent of the total.

The next step is the difficult one; how much primary energy will the United Kingdom demand 25 years on in 2000 AD?

It is an uncomfortable fact of economic life that growth in gross domestic product, or, more precisely, "Mileage", seems to require growth in energy consumption for its achievement.

As no political party in power is likely to commit suicide by developing a zero or low growth economy let us take a "lowish" but reasonable growth rate of say 2 per cent in gross domestic product (rather than dismal prospects by some European standards) and assume with considerable justification, that this will require a similar growth in energy demand.

Using straight-forward arithmetic rather than a more fashionable mathematical model this gives us a primary energy demand figure of 525 mtoe for the year 2000. Turning to the expected supply situation we find coal 150 mtoe, oil (from the North Sea) 175, gas 60, alternatives 35 and nuclear 50. This gives a grand total of 470 mtoe which is rather less than the 525 mtoe predicted but a good working figure if we assume some success for energy conservation campaigns.

The significant figures as far as nuclear energy is concerned are that the achievement of this modest growth in energy supply requires an almost fivefold increase in nuclear power, together with a seventeenfold increase in "alternative" energy supplies such as wind, wave, tidal, geothermal and solar power. Viewed in this light it becomes clear that post 2000, as oil supplies decline, we will depend upon both alternative energy sources and nuclear power; in fact we will have to mobilize all available energy supplies.

The suggestion, however well intentioned, that nuclear power can be abandoned and replaced by alternative sources of energy plus coal is regrettably unrealistic. I frankly wish that this were not the case, but we seem to have almost no room for manoeuvre. The abandonment of a possibly dangerous but technologically proved energy source will lead to serious energy shortages in the 1990s and the consequent economic and political repercussions could prove as disastrous as a nuclear accident.

It is some measure of our level of maturity that a low energy lifestyle which might accommodate an energy shortage although theoretically possible seems politically quite unacceptable.

Yours faithfully,

IAN FELLS.

Professor of Energy Conversion,
The University of Newcastle
upon Tyne,
Department of Chemical Engineering,
Mer Court,
Clarendon Road,
Newcastle upon Tyne, NE1 7RU

June 25.

BREMNER & CO. LTD.

LETTERS TO THE EDITOR

Making the best of the Atlantic deal

From Mr. Robert McCrindle, MP for Brentwood and Ongar (Conservative)

Sir, I was interested to read the letter from Sir Peter Macfarlane on the Atlantic air services pact (July 4). Just under a year ago you carried a parliamentary report in which I questioned the wisdom of the British Government revoking the Bermuda Agreement and suggested that some revision of the agreement allied to what I called the commercial aggressiveness of British Airways and other British interests would have been given an opportunity to prosper in an increasingly competitive situation.

For the future, one can only hope that before Britain takes on the most powerful aviation country in the world, it will be absolutely sure that it can renegotiate from a position of true strength. While some advantages have been obtained, the failure to action about charter services and the unlimited "combi-

tions" I have achieved more. I think we must now make the best of it and I rather disagree with the implication in Sir Peter's letter that somehow the whole thing can be improved upon. In my judgment, the effect on Anglo-American aviation relationships if this were to be attempted would be catastrophic and I think that the British aviation interests have been given an opportunity to prosper in an increasingly competitive situation.

The authority for the US States change of gauge at 1 am, the reservation of non-stop services to London by United States carriers, the grant of a monopoly from an unnamed United States point London, the failure to take action about charter services and the unlimited "combi-

rights" allowing United States airlines to carry any passenger from London to any point in the world provided he has valid reservations from United States to his ultimate destination, these features of the agreement seem to me to erode the principle of "no and equal opportunity" which we fought hard to create.

Is there a gleam of hope in the capacity control mechanism which binds governments, screen, exchange and discuss respectively, airline schedules with a view to cutting down on a given route? This is done impartially, decisively there may be as many seats on the Atlantic and that would indeed be so.

Yours faithfully,

ROBERT McCRINNIE,
Parliamentary Consultant,
Guild of Business Travel Agents,
House of Commons,
London, SW1A 0AA.

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Role nuclear energy will need to play

From Mr. R. A. Meguyer

Sir, I strongly support the recommendation contained in the consultative committee of accountancy bodies' memorandum to the Department of Trade that a receiver should be required to report to all creditors on the prospects of payment.

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IAN FELLS.

Professor of Energy Conversion,

The University of Newcastle upon Tyne,

Department of Chemical Engineering,

Mer Court,

Clarendon Road,

Newcastle upon Tyne, NE1 7RU

BY THE FINANCIAL EDITOR

Not necessarily bearish

as been clear to the stock market for some time that a new pay deal with the unions was unlikely. In the wake of the non-stop services' Transport & General Workers' Union decision of the United States carriers to demand a moratorium, there will be a return to a free-for-all London, United States action about which this section is as bearish as it appears.

and the unjoined "rights" allowing some of the airline to carry on, when the bargaining power of the world provides a low ebb because of unemployment and reservation. There will, of course, be problems. destination these days could be making extreme demands and the agreement seems the psychological impact on markets and equal opportunity large sections of the workforce will be fought hard. We have no option but to accept modest increases, and guess at 15 per cent or so the capacity control or the ending of pay restraint seem not reasonable. respectively, airline against that there are a number of favourable factors. From here on the rate of down if there is wage inflation is likely to fall. Import prices capacity on a given, constant or falling. The balance of payments is improving and, were it not for the respectively, there majorities' fixation of pegging the pound empty seats or the dollar, some appreciation in sterling and that would indeed the near term at least might be things.

Yours sincerely,

WILLIAM P. HILL

Director General

International Airline

Stockbrokers

Phillips & Drew

Reckon

result could be as much as a 30 per cent rise in dividends compared to perhaps per cent this year.

ur while there is no reason to take the of pay restraint itself as a particular ressent for markets there remain some uncertainties. Will the Government end pay restraint from July 1 next year

International Association

Speakman

Frensham

Survey.

IT TO CREDITORS

one criticism to date ahead of an election, or will it hold

CCAB memorandum

Liberals in line on the promise of a

that it does not fight on wages in the public sector

if the prime and a rigid adherence to cash limits?

sufficiently sure it's the money supply—currently unusually

as to appear difficult to interpret—in the process of surging within days or even ahead again? And, above all, will the moment of doubt begin to look increasingly suspect as first report to see competitiveness is eroded by a rate and should be inflation which still generously exceeds 12 months. In fact, of Britain's trade rivals?

30 days would not

Any of these could upset what is otherwise a far from pessimistic prospect for the workers. But as far as the pay issue is concerned, the steep yield curve in the gilt market and the 75 per cent fall in the FT index from its May high of 477 may already taken too great a toll of profits.

And although net debt, including the uncomfortable sterling/Deutschmark bonds, is still around twice shareholders' funds, the balance sheet looks alarming and Rothmans is building up cash resources in preparation for the much publicized diversification programme of which news is apparently due later this year. This is going to be important since the shares have suffered on the view that as the only "pure" tobacco group Rothmans' long-term future looks particularly uncertain.

Until then a reasonable yield of 7.1 per cent and a p/e of only 2.4 (rising to just under 4 on bond conversion) will generate little excitement despite the likelihood of profits moving through the £50m mark this year.

housebuilders

dying breed

from Mr Roger Cope

Sir, I should be

at the expense of

your advice to

spread competitors—Wimpey, Trafalgar

revert to this more

Laing, Taylor Woodrow or Costain,

the British Steel

is a portant source of profits as building

criticize Sir Denis Kirk, those who remain are rapidly exhaust

excessive profits of bank which, thanks to development

it's 150m?—should legislation, are increasingly difficult to

steal my caprice.

to Sir Charles Villiers

the scarcity value of land with unencum

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fortable land bank to make exceptional deals

ROGER C. FFOOKS

profits, profits which they are unable to

achieve by direct housing development as

house price increases trail construc

cost inflation.

House-buying costs have fallen in line

real disposable incomes to levels last

in the late 1960's.

That, added to ample mortgage funds

and Government aid for first time

years end, if Phase 3 fails, the prospect of

at least temporary rise in disposables

comes argues in favour of accelerating

prices. But annualized increases of

over 20 per cent would be needed to match

building costs, and so there is little hope

at the sector will simply build its way out

trouble.

Half-year results from Gough Cooper

the previous year. Yesterday illustrate the alternative survival

of difficult trading

consider this to be

x £583,173 company

Profit after Tax is

As many

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Two join board of Consolidated Plantations

Mr Tan Tui Siew Sia has been elected to the board and made chairman of Consolidated Plantations in succession to Mr K. N. Eales. Dr Chan Chin Cheung also joins the board.

Mr Leslie Hancock becomes group managing director of Cornewall. He joins the group from Cornewall.

Mr Humphrey Prudeaux has been made vice-chairman of W. H. Smith & Sons (Holdings) and of the main operating company, W. H. Smith & Son. Sir Humphrey is chairman of Brooks Bond Holdings.

Mr Derrick Holden-Brown is now a director of Sun Alliance London Assurance Ltd., one of its principal subsidiaries. He is vice-chairman of Allied Breweries.

Mr Ebrahim Al Ebrahim is now chairman and managing director of the Arab African Bank. He resigned as managing director of the Arab Investment Company at the same time on the board as vice-chairman.

Mr G. A. Stour has joined the board of Cavendish Investment Trust. Mr D. R. McCarron has resigned.

Mr L. A. Jamieson has been made a director of The Sterling Trust.

Mr Anthony Abrahams has become chairman and chief executive of Michael Williams (Midlands) & Davies (Midlands) (Holdings). Mr John Houghton has become managing director of William Leech (Midlands). Mr Roland Wilkinson has been made managing director of Wilkinson and Houghton, part of the Leech organization.

Mr N. R. Woodfield is now a member of Williams de Bosc Hill Chaplin stockbrokers.

Viscount Montgomery of Alamein is a director of the board of Kerr/Ferry Dickinson.

Mr Keith Braine has been made national chairman of the Institution of Sales Engineers.

Mr David Morris, marketing director of Vanbrugh Life Assurance, becomes deputy general manager.

Lord Macdonald of Gwennap is the new chairman and chief executive of Satra Consultants (UK).

Mr James Watt has been made secretary of the North Scotland Hydro-Electric Board. He succeeds Mr Duncan McLaren, who recently became secretary of the South of Scotland Electricity Board.

Mr W. H. F. Hunter has been elected to the board of Sun-Chem as financial director.

Carter team see dollar deficit as benefiting world monetary system

From Our United States Economics Correspondent
Washington, July 7

Officials in the United States administration are now convinced of the sincerity of the Japanese Government to take actions to stimulate the United States would like to see some further evidence of a firm commitment to stronger growth in West Germany.

The Carter Administration remains hopeful that agreement can be reached before long on establishing a supplemental credit facility within the International Monetary Fund. A senior administration official said that he believes the facility could still total \$8,000 million to \$10,000 million Special Drawing Rights.

Saudi Arabia has privately stated that it is willing to contribute a certain amount to this facility, but the figure mentioned by the Saudis is considerably too low.

Attempts are now being made to persuade the Saudis to raise their contribution. The final size of their contribution will play a major role in determining the levels of contributions from Kuwait, Venezuela, Iran and the United Arab Emirates.

The Administration's officials

note that the United States and the surplus industrial countries are unlikely to announce formally the levels of their contributions to the new facility until the final total of contributions from the oil-producing countries is set.

It continues to be most probable that the industrial countries will seek to match exactly the contributions made by the oil producers. Agreement may well be finalized at the IMF's annual meeting in September.

The Carter Administration will be holding high level private negotiations with members of the EEC Commission next week, which it is hoped here will pave the way for the start of meaningful negotiations in Geneva on multilateral trade liberalization.

At the same time the Administration hopes to be able to move forward in the coming months on securing a number of specific international commodity agreements.

FINANCIAL NEWS



Sir Fred Pontin, chairman of Pontin's.

Fillip for Pontin's in extension

By Our Financial Staff

An extended season, better bookings and diversification into the building industry helped holiday camp company Pontin's to better-than-expected profits last year.

On turnover, which increased from £15m to £20m, the group turned in a pre-tax profit of £5.7m against £4.8m in the year to March 31 last. Sir Fred Pontin, the chairman, is confident that this year will be even better.

The planning council met members of North Wolds district council based at Bridlington to hear its case for development area status, which it will raise at a meeting with Mr Michael Meacher, Minister of State at the Department of Trade on July 21.

Councillor Norman Atha, chairman of the North Wolds district council tourism committee told the economic planning council the tourism potential of Bridlington from Britain and Europe was enormous but

the rest of the labour force have said they will agree to a shop steward's proposal that the 1,400 full-time workers

should pay £1 a week each and the remaining part timers 50p

to meet the men's wages, normally about £5.5 a week.

Mr Ewer was dismissed and the other men suspended after refusing to cooperate in new working arrangements. The 20,000 Lucas workers

Tonic for Greene, King from traditional bitter

By Alison Mitchell

Increased sales of traditional bitter helped Greene, King and Sons, the Suffolk-based brewers, to record profits last year.

Against a national average volume growth of only 1% to 2 per cent the group improved total carriage by around 10 per cent, boosting turnover from £26m to £32m in the year to May 2 last. Pre-tax profits rose 26 per cent to £3.6m resulting in improved earnings per share of 17.5p against 16.2p.

There will be a gross final dividend of 7.5p making a maximum possible total for the year of 9.09p, with a further payment if ACT is reduced.

The downward trend in beer consumption is not having much effect on the company. According to Mr John Bridge, managing director, the swing to lager, which appears at the height of last year's heating, has been more than recovered and volume in the current year is well up on last year.

Bottled beers, however, found the going more difficult particularly in the first half. But the signs are that this downward trend has bottomed out and a second-half recovery is continuing into the current year.

On the retailing side the gallonage of wine was well up and 37 off-licences in and around Suffolk, bottle most of its own wines particularly at the cheaper end of the market.

And there should again be an improved contribution from this division in the current year, says Mr Bridge.

Last year the company spent £2m on fixed assets and an estimated £2.5m is to be used in the current 12 months, improving plant in the breweries and modernising and refitting some of the public houses.

Greene last time round followed a 36 per cent profit rise in the first half, with an improvement of only 20 per cent in the second six months—a period when most other brewer saw rises of 25 per cent and more. However, a price rise last month should see it back in line at the interim stage, while the benefits of the capital spending programme of the past few years will continue to show through.

Loud-speakers push Celestion to over £1m

By Victor Felsted

Shares in London-based Celestion Industries have been strong over the last month or so in anticipation of good results. These arrived yesterday in the 12 months to April 1, turnover rose by 41.9 per cent to £12.3m and pre-tax profits were no less than 66.4 per cent to the good at £1.09m.

In the first time the £1m mark has been passed.

The gain in trading profit, in fact, was a massive 136.5 per cent to £1.07m. In the previous year, there was an exceptional realized stock gain of £185,000 and £17,000 of investment income added in before arriving at pre-tax profits.

This year, there was no stock gain, but £20,000 of investment income. With net earnings per share up from 2.39p to 3.49p, the total gross payment rises from 0.6p to 0.65p.

Celestion divides its activities between clothing and sound reproduction equipment.

Turn has bottomed out and a second-half recovery is continuing into the current year.

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New investment possibilities in the cargo liner field are being examined, and the group close to ordering two small container ships for the Prince Line in the Mediterranean.

Embracing on the bulk options, Sir James says that an immediate outlook for the ship at present trading is gloom, and he expects 1977 to prove even lower revenue than it's seen since recorded last year.

Over the past year, the bulk fleet has grown by 18 per cent and a further 8 per cent will be added during the next 12 months.

Demand for the services of the fleet group by 10.8 per cent in 1976, and the overall optimistic of forecast growth of 12 per cent for 1977.

These figures indicate that there are no grounds for short-term optimism and that below-in-supply and demand is at some way off. In the long term this situation should correct, as the bulk fleet would then be in a position to take advantage of rising freight rates.

Sir James recalled that after the Monopolies and Mergers Commission finding that a 24.9 per cent holding in Euromacauen-Sai holdings was against the public and national interest, Euromacauen gave an undertaking to reduce its stake within three years to not more than 10.8 per cent. "I believe there has been as yet no reduction in its share holding. We continue to watch the situation very closely."

Celestion itself is valued in market at about £4.9m. So Celestion's stake in Racial nearly covers its own market capitalization—and with Celestion's trading activities doing so well, the shares could well prove attractive at the present level.

Celestion is valued in market at about £4.9m. So Celestion's stake in Racial

Furness sees 1977 as same-again outcome

By Tony May

After pushing its profits from £14.1m to £22.6m in 1976, Furness Wharfe's chairman Sir James Steel, told the company meeting that it would be prudent to regard a similar outcome for the current year as "satisfactory result".

He said that bulk shipping was doing rather worse than the board expected, because of a poor state of the market, liner trading was "somewhat better" overall. The cash season in the North Sea had only recently started, but the group's prospects are not quite so good as last year.

The group's cargo liner interests continue to provide stable incomes and the board expect this to continue.

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Besides shipping, the group has interests in North Sea engineering and insurance broking.

Industrial

Kay Corp is leaving Bowater

An alteration in the North American empire of paper giant, Bowater Corporation, is under way. Bowater has hitherto held 59 per cent of Kay Corporation, quoted on the American stock exchange. It is among other things a trader in coffee with interests in jewelry retailing.

Now, Kay is to be taken over by a consortium of investors, partly from retained earnings, partly from the proceeds of the issue of 100p in the market for a four-for-four at 140p, which compares with 100p on news of the issue—a rise of 10p on news of the issue.

The Board has already authorized an extension to its factory with associated drying capacity and is currently negotiating for the purchase of an automated sorting and packing plant. The total proposed expenditure of about £700,000 will be funded partly from retained earnings, partly from the proceeds of the issue of 100p in the market for a four-for-four at 140p, which compares with 100p on news of the issue—a rise of 10p on news of the issue.

Bowater has also given Kay an option for 15 months from January 1 last to buy Bowater's remaining 1.19m shares in Kay at 56.17p a share. But Kay's earnings and dividends could also rise.

Kay added that it has amended its \$5 cumulative preference stock (all outstanding shares are held by Bowater) to establish a sinking fund requiring redemption of 1m shares of preferred stock a year beginning on August 23, 1978, with a final payment of \$3.4m on August 23, 1984.

Nissan is cautious

Tokyo.—Nissan motor, the parent of Datsun, US, expects a small drop in tax profits to between \$4 billion and \$5 billion for the year March 31 from \$5.29 billion.

President Tezuka Ishihara said, "Now, Nissan's 1977 sales are likely to show a 11.1 per cent increase to 2.25 trillion yen from 2.02 trillion in 1976." Reuter.

Schroders go Dutch

Amsterdam.—J. Henry Schroder Wag and co. and Ste Prive de Gestion Financiere have each taken a one-third stake in the Florin, one in capital of Sarakreek Goudveld NV.

Sarakreek will be turned into a holding co managing US property investments to be called Sarakreek Holding NV.

The shares will first be placed with European institutional investors and later an offering will be made to the public. This will bring the holdings of Schroder Wag and Ste Prive to below 50 per cent.

The remaining one third capital currently outstanding is widely held. Amro declined to say from whom the two companies were acquiring their holdings.—Reuter.

Sears-Montgomery Ward

Chicago.—Sears-Roebuck's sales for the five weeks to July 2 increased to \$1.66m from \$1.45m a year ago, a 14.3 per cent gain.

For 22 weeks sales were \$7m, a rise of 14.4 per cent from \$6.15m the year before.

By contrast, Montgomery Ward said its sales for the five weeks to July 2 rose 12.2 per cent to \$399.5m. Sales for the 22 weeks to July 2 rose 12.7 per cent to \$1.74 billion. Sales for both periods this year are up a record.—AP-Dow Jones.

PRUDENTIAL ASSURANCE

New annual premium for UK branch individual contracts rose 11.1pc to £12.7m; individual life premiums rose 8.1pc to £16.6m. Vanbrugh Life individual contracts contributed £0.5m (£5.7m), to annual premium income. Previous figures due to pre-budget statement.

BOOKER McCONNELL

Disposal of some interests of the

Central Wagon for £2.46m. Group has already got £1.1m in cash and the rest will come on Dec 31. Central Wagon will make more than £500,000 before tax this year, and pre-tax surplus of £1.1m from sales.

H. BRAMMER

Right issue of 4.87m shares at 20p a share. Ratio one new share for every two held. Issue not being underwritten. Money needed for capital spending and to repay loans. Proceeds £942,000. Pre-tax profit for four months to April 30, 16.5 per cent. Divs to rise this year from 4.75p gross to 6.46p a share.

ICI IN AUSTRALIA

Group has formed a new Australian subsidiary to hold a 50 per cent holding of £2.4 million in ICI Australia. This will be used for refining operations and for Australian expansion.

ELSWICK-HOPPER

Annual meeting told that sales of farm machinery in Yorkshire and North Humberside are up and overseas markets

Stock Exchange Prices

Half-hearted recovery

ACCOUNT DAYS: Dealings Began, June 27. Dealings End, Today. \$ Contango Day, July 11. Settlement Day, July 19

\$ Forward bargains are permitted on two previous days

BELL'S
SCOTCH WHISKY*"Afore ye go"*

Stock	Price Chg per share	Gross Div Yld	Div Yld %	High	Low	Close	Div Yld	Div Yld %	High	Low	Close	Div Yld	Div Yld %	High	Low	Close	Div Yld	Div Yld %	High	Low	Close
FUNDS																					
COMMERCIAL AND INDUSTRIAL																					
A-E																					
ABF	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
ABF Electronics	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
ABG Newsre	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
ABC Corp	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraham Bros	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
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Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
Abraintex Int'l	1.00	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115	120	1.20	125	115	115
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